



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

Region 6

**1445 Ross Avenue, Suite 1200
Dallas, TX 75202-2733**

December 21, 2015

Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
888 First Street NE, Room 1A
Washington, DC 20426

Re: OEP/DG2E/Gas 2; Gas Branch 4 Magnolia LNG, LLC and Kinder Morgan Louisiana Pipeline LLC; Docket Nos. CP14-347-000 & CP14-511-000

In accordance with our responsibilities under Section 309 of the Clean Air Act (CAA), the National Environmental Policy Act (NEPA), and the Council on Environmental Quality (CEQ) regulations for implementing NEPA, the U.S. Environmental Protection Agency (EPA) Region 6 office in Dallas, Texas, has completed its review of the Federal Energy Regulatory Commission (FERC) Final Environmental Impact Statement (FEIS) for the Magnolia Liquefied Natural Gas and Lake Charles Expansion Project (Magnolia LNG or Project). The purpose of the Magnolia project is to construct and operate an LNG terminal that includes liquefaction, LNG distribution, and appurtenant facilities. The Lake Charles Expansion Project would reconfigure Kinder Morgan's existing pipeline network to accommodate Magnolia's request for natural gas services at the LNG terminal site.

EPA provided comments on the Draft Environmental Impact Statement (DEIS) dated September 8, 2015, in which the DEIS was rated as "Environmental Concerns – Insufficient Information" (EC-2). EPA is pleased that the FEIS included additional analysis of the proposed action to address several of our concerns. EPA continues to have concerns regarding analysis of indirect effects and greenhouse gas emissions; we are providing comments that we recommend FERC consider before issuing the Record of Decision document.

EPA appreciates the opportunity to review the FEIS. If you have any questions or concerns, I can be reached at 214-665-2133, or contact Stephanie Meyers of my staff at meyers.stephanie@epa.gov or 214-665-6469.

Sincerely,

A handwritten signature in black ink, appearing to read "KH", is written over a horizontal line.

Keith Hayden
Chief, Special Projects Section

Enclosures

**DETAILED COMMENTS ON THE
FEDERAL ENERGY REGULATORY COMMISSION
FINAL ENVIRONMENTAL IMPACT STATEMENT
FOR THE MAGNOLIA LNG AND LAKE CHARLES EXPANSION PROJECT**

BACKGROUND: The Magnolia LNG project consists of the construction and operation of various liquefaction facilities, LNG storage tanks, LNG distribution facilities, LNG vessel berthing area, meter station, and appurtenant facilities within the boundaries of the site leased by Magnolia near Lake Charles, Louisiana. The Lake Charles Expansion Project consists of the reconfiguration of Kinder Morgan's existing pipeline system in order to accommodate Magnolia's request for natural gas service at the LNG terminal site, including a new compressor station (Compressor Station 760), new low and high pressure natural gas header pipelines that would be adjacent to the existing KMLP easement, and modifications at six existing meter stations.

INDIRECT EFFECTS

The FEIS did not fully consider the potential for increased natural gas production as a result of the proposed terminal and the potential for environmental impacts associated with these potential increases. Both FERC and the Department of Energy (DOE) have recognized that an increase in natural gas exports will result in increased production.¹ DOE has released a draft study that provides the kind of conceptual level analysis of the types of impacts that are likely to occur from increased production: "Addendum to Environmental Review Documents Concerning Exports of Natural Gas from the United States."² DOE's work also recognizes that many of the potential impacts will vary considerably by the production location due to differences in local environment, regulatory structure, and other factors. We recommend that this study be considered as part of the decision making for this project.

¹ Effect of Increased Natural Gas Exports on Domestic Energy Markets, as requested by the Office of Fossil Energy, US Energy Information Administration, January 2012 (http://energy.gov/sites/prod/files/2013/04/f0/fe_eia_lng.pdf) and Cameron LNG EIS, Appendix L (Response to Comments), p. L-36 (<http://elibrary.ferc.gov/idmws/common/OpenNat.asp?fileID=13530753>)

² Draft Addendum to Environmental Review Documents Concerning Exports of Natural Gas from the United States, DOE, (http://energy.gov/sites/prod/files/2014/05/f16/Addendum_0.pdf)

CLIMATE

Greenhouse Gas Emissions:

The FEIS included a helpful discussion of the greenhouse gas (GHG) emissions associated with construction of the project, and annual emissions from the operation of the liquefaction facility, but did not include estimates of the GHG emissions associated with the production, transport, and combustion of the natural gas proposed to be exported. Because of the global nature of climate change, even where the ultimate end use of the natural gas occurs outside the US, these additional greenhouse gas emissions attributable to the project would affect the U.S. Because of these impacts, it is appropriate and consistent with NEPA and CEQ regulations to consider and disclose the emissions levels in NEPA analyses. Further, FERC's DEIS for the Jordan Cove Energy and Pacific Connector Gas Pipeline project included useful calculations of GHG emissions from end use of the gas exported by the facility, and we recommend that the same calculations be considered as part of the decision making for this project.

DOE has issued two documents that are helpful in assessing the GHG emissions implications of the project. They are the Addendum mentioned above, and NETL's report, entitled "Life Cycle Greenhouse Gas Perspective on Exporting Liquefied Natural Gas from the United States."³ Together, these reports provide a helpful overview of GHG emissions from all stages of a project, from production through transmission and combustion. The NETL report includes comparative analysis of GHG emissions associated with other domestic fuel sources and LNG exports as they relate to other possible fuel sources in receiving regions. This information can help decision makers review foreseeable GHG emissions associated with the increased production and export of natural gas compared to other possible fuels. EPA recommends that both DOE reports be considered as part of the decision making process for this project and incorporated by reference in future NEPA documents. FERC may also want to consider adapting DOE's analysis to more specifically consider the GHG implications of projects.

³ Life Cycle Greenhouse Gas Perspective on Exporting Liquefied Natural Gas from the United States. DOE/NETL-2014/1649 (<http://energy.gov/fe/life-cycle-greenhouse-gas-perspective-exporting-liquefied-natural-gas-united-states>)